

CHAPTER 47

FINANCIAL CORPORATIONS

Sec.		Sec.	
47.01	Definitions	47.17	Vice-presidents; election, qualifications
47.02	"Bank" and "savings bank"	47.18	"Corporation"; "agency"
47.03	When use of certain words permitted	47.19	Corporation may be member or stockholder of federal agency
47.07	What companies subject to provisions	47.20	Financial institutions may avail themselves of provisions of federal housing act
47.08	Articles of incorporation filed with commissioner	47.21	Laws prescribing type of security not to apply
47.09	Advertisements	47.23	Advertisement of "savings" or "trust," when forbidden; trust companies may have savings department
47.10	Real estate, right to acquire and hold	47.24	Failure to report; forfeitures
47.11	Selection of name	47.25	Notice of meetings
47.12	Financial corporations	47.26	Violations
47.14	Certificate, how accompanied		
47.15	By-laws, where filed		
47.16	Examiner's certificate		

**47.01 DEFINITIONS.** Subdivision 1. **Words, terms, and phrases.** Unless the language or context clearly indicates that a different meaning is intended, the following words, terms, and phrases, for the purposes of this chapter, shall be given the meanings subjoined to them.

Subdivision 2. **Bank.** A bank is a corporation under public control, having a place of business where credits are opened by the deposit or collection of money and currency, subject to be paid or remitted upon draft, check, or order, and where money is advanced, loaned on stocks, bonds, bullion, bills of exchange, and promissory notes, and where the same are received for discount or sale; and all persons and partnerships, respectively, so operating, are bankers.

Subdivision 3. **Savings bank.** A savings bank is an institution under like control, managed by disinterested trustees solely, authorized to receive and safely invest the savings of small depositors.

Subdivision 4. **Trust company.** A trust company is a corporation under like control authorized, within prescribed limitations, to act as a safe deposit company, trustee or representative for or under any court, public or private corporation, or individual, and as surety or guarantor.

Subdivision 5. **Building and loan association.** A building and loan association is a corporation under like control authorized solely to accumulate funds to be loaned to members to assist them in acquiring homes.

[R. L. s. 2967] (7635)

**47.02 "BANK" AND "SAVINGS BANK."** A "bank" is a corporation having a place of business in this state, where credits are opened by the deposit of money or currency, or the collection of the same, subject to be paid or remitted on draft, check, or order; and where money is loaned or advanced on stocks, bonds, bullion, bills of exchange, or promissory notes, and where the same are received for discount or sale. A "savings bank" is a corporation managed by disinterested trustees, solely authorized to receive and safely invest the savings of small depositors. Every "bank" or "savings bank" in this state shall at all times be under the supervision and subject to the control of the commissioner of banks, and when so conducted the business shall be known as "banking."

[1907 c. 111 s. 1; 1909 c. 103 s. 1] (7636)

**47.03 WHEN USE OF CERTAIN WORDS PERMITTED.** Subdivision 1. No individual, partnership, unincorporated association, or corporation, except as specifically authorized by the laws of this state, who does not hold an effective certificate of authority, issued by the commissioner of banks, to engage in the business of banking and is not subject to and complying with all the provisions of law relating to banks shall engage in such business, or make use of the words "bank," "banker," or "banking," or any derivative or compound of any such words, or any word or words in a foreign language having the same or a similar meaning, in its business name or in any sign, symbol, token, letterhead, circular, advertisement, or

any other written or printed matter, in such manner as might indicate to any person that such individual, partnership, unincorporated association, or corporation is authorized to engage in the business of banking. This subdivision shall not apply to any holding company affiliate or affiliate as defined in the Act of Congress, known as the Banking Act of 1933, nor to any insurance company authorized to engage in the insurance business in the state of Minnesota.

Subd. 2. Every individual, partnership, unincorporated association, or corporation which shall violate any of the provisions of this section shall forfeit to the state the sum of not to exceed \$100 for each day the violation shall continue, as determined by the court, to be recovered in a civil action to be brought by the attorney general in the name of the state at the request of the commissioner of banks, and may be enjoined from any further violation in an action brought in the name of the state for that purpose.

[1907 c. 111 s. 2; 1945 c. 133 s. 1] (7637)

47.04, 47.05 [Repealed 1945 c. 133 s. 3]

**47.07 WHAT COMPANIES SUBJECT TO PROVISIONS.** All companies, associations, and corporations organized under any law of this state, other than those relating to the organization of banks and trust companies, which assume or exercise any of the functions, powers, or privileges conferred upon banks or trust companies under any law of this state, shall be subject to all the limitations, penalties, and requirements incident or pertaining to these functions, powers, or privileges; and the stockholders or persons forming the same shall be liable in the same manner and to the same extent as if these companies, associations, and corporations were organized as banks or trust companies under this chapter.

[R. L. s. 2982] (7655)

**47.08 ARTICLES OF INCORPORATION FILED WITH COMMISSIONER.** All persons proposing to incorporate and organize any financial institution, whether defined or described as such by the laws of the state, shall, before doing any business in the state as a corporation, and before filing their articles of incorporation with the secretary of state or with any other officer with whom the law requires such articles to be filed or recorded, file a copy of such articles with the commissioner of banks.

[1911 c. 323 s. 1] (7656)

**47.09 ADVERTISEMENTS.** No such financial institution shall, directly, indirectly, or by inference of any kind, display, represent, hold out or otherwise advertise as its capital, resources, assets or financial strength or ability or availability therefor, any capital, resources, or assets of any other financial institution or institutions, whether or not such other financial institution or institutions are in any way connected with such financial institution through or by way of a holding company or other corporation or similar structure; nor shall any such financial institution, the capital stock of which is, in whole or in part, controlled or owned by any such holding company, other corporation or similar structure, display, represent, hold out or otherwise advertise that it is affiliated with or has any other connection with such company, corporation or similar structure other than that which truly and actually exists; and no such financial institution shall advertise as its capital any amount other or greater than the amount of actual paid-in capital, which it shall have at the time of the appearance of such advertisement, and no such financial institution shall advertise in any way the aggregate or individual responsibility or financial worth of its stockholders, or in any manner seek to convey the impression that the financial resources of its stockholders above the limit provided by law are available for the purpose of meeting its liabilities.

[1911 c. 323 s. 2; 1925 c. 169] (7657)

**47.10 REAL ESTATE, RIGHT TO ACQUIRE AND HOLD.** Save as otherwise specially provided, the entire cost of land and buildings for the transaction of the business of such a corporation, including premises leased to others, shall not be more than as follows, assets other than cash being taken at cash market value: For a bank or a trust company, 40 per cent of its existing capital and surplus; for a savings bank, 50 per cent of its net surplus; for a building and loan association, five per cent of its net assets. Any such corporation may change its location, dispose of its place of business, and acquire another, upon the written approval of the commissioner of banks.

(R. L. s. 2976; 1941 c. 37] (7648)

**47.11 SELECTION OF NAME.** Before execution of the certificate of incorporation of any such corporation, its proposed name shall be submitted to the commissioner of banks, who shall compare it with those of corporations operating in the state, and if it is likely to be mistaken for any of them, or to confuse the public as to the character of its business, or is otherwise objectionable, additional names shall be submitted until a satisfactory one is selected, whereupon he shall issue his certificate of approval thereof.

[R. L. s. 2972] (7644)

**47.12 FINANCIAL CORPORATIONS.** Corporations may be formed for any one of the following purposes:

(1) Carrying on the business of banking, by receiving deposits, buying, selling, and discounting notes, bills, and other evidences of debt, domestic or foreign, dealing in gold and silver bullion and foreign coins, issuing circulating notes, and loaning money upon real estate or personal security;

(2) Establishing and conducting clearing houses, for effecting, in one place, the speedy and systematic daily exchange and adjustment of balances between banks and bankers in any municipality, town, or county, establishing and enforcing uniform methods of conducting the banking business in such locality, and adjusting disputes or misunderstandings between members of such clearing house engaged in the banking business;

(3) Creating and conducting savings banks for the reception, on deposit, of money offered for that purpose, the investment thereof, and the declaring, crediting, and paying of dividends thereon, as authorized and provided by law;

(4) Transacting business as a trust company in conformity with the laws relating thereto; and

(5) Carrying on, in accordance with law, the business of building, loan, and savings associations.

[R. L. s. 2847] (7441)

**47.13** [Renumbered 300.025]

**47.14 CERTIFICATE, HOW ACCOMPANIED.** The certificate of incorporation, when presented to the commissioner of banks, shall be accompanied, in the case of a bank, with the certificate of a solvent bank in this state of the deposit therein, in cash, to the credit of the proposed bank, and payable upon its order when countersigned by the commissioner of banks, of an amount equal to its capital stock. In the case of a reorganization of a former national bank, it shall also be accompanied with the written consent of the holders of a majority of its former capital stock. In the case of a savings bank, it shall be accompanied with proof of four weeks' published notice of the intention of the incorporators to organize the same, specifying its proposed name and location, and the names of the proposed incorporators, and that a majority thereof reside in the county of its proposed location, and a sworn declaration by each proposed trustee that he will perform his duties as such to the best of his ability, according to law, with proof of the record of such declaration with the register of deeds; and if there is a savings bank organized and doing business in such county, a copy of such notice shall be served by mail on such bank at least 15 days before the filing of such certificate.

[R. L. s. 2973] (7645)

**47.15 BY-LAWS; WHERE FILED.** Within 90 days after the adoption of by-laws or any amendment thereof, a certified copy of the same shall be filed with the commissioner of banks.

[R. L. s. 2975] (7647)

**47.16 EXAMINER'S CERTIFICATE.** If the commissioner of banks is satisfied that such corporation has been organized for legitimate purposes, and under such conditions as to merit and have public confidence, and that all provisions of law applicable to every branch of business in which, by the terms of its certificate, it is authorized to engage, have been complied with, he shall so certify. When the original certificate, with proof of publication thereof, and the certificate of the secretary of state to the regularity of its incorporation, shall be filed with the commissioner of banks, he shall, within 60 days thereafter, execute and deliver to it his certificate of authority.

[R. L. s. 2974] (7646)

**47.17 VICE-PRESIDENTS; ELECTION, QUALIFICATIONS.** The directors of any financial institution who are required, under the provisions of its articles of incorporation, to elect a vice-president, are hereby forbidden to elect any other person than a member of the board of directors or other such governing body as vice-president of such institution; provided, however, that if the articles of incorporation of any such financial institution provide for the election of more than one vice-president, so long as there is at least one vice-president fully qualified and acting who is a member of the board of directors or other such governing body, additional vice-presidents may be elected from stockholders or members of the corporation other than members of the board of directors or of such governing body.

[1911 c. 323 s. 3; 1921 c. 90 s. 1] (7658)

**47.18 "CORPORATION"; "AGENCY."** For the purpose of sections 47.18 and 47.19, the term "corporation" shall be construed to mean any bank, savings bank, trust company, insurance company, or building and loan association organized under the laws of this state; and the term "agency" shall be construed to mean the federal home loan bank of the district of which this state is a part, or of an adjoining district if convenience shall so require, or other financial corporation, association or agency created by any act of congress.

[1933 c. 101 s. 1] (7658-1)

**47.19 CORPORATION MAY BE MEMBER OR STOCKHOLDER OF FEDERAL AGENCY.** Any corporation is hereby empowered and authorized to become a member of, or stockholder in, any such agency, and to that end to purchase stock in, or securities of, or deposit money with, such agency and/or to comply with any other conditions of membership or credit; to borrow money from such agency upon such rates of interest, not exceeding the contract rate of interest in this state, and upon such terms and conditions as may be agreed upon by such corporation and such agency, for the purpose of making loans, paying withdrawals, paying maturities, paying debts, and for any other purpose not inconsistent with the objects of the corporation; provided, that the aggregate amount of the indebtedness, so incurred by such corporation, which shall be outstanding at any time shall not exceed 25 per cent of the then total assets of the corporation; to assign, pledge and hypothecate its bonds, mortgages or other assets; and, in case of building and loan associations, to repledge with such agency the shares of stock in such association which any owner thereof may have pledged as collateral security, without obtaining the consent thereunto of such owner, as security for the repayment of the indebtedness so created by such corporation and as evidenced by its note or other evidence of indebtedness given for such borrowed money; and to do any and all things which shall or may be necessary or convenient in order to comply with and to obtain the benefits of the provisions of any act of congress creating such agency, or any amendments thereto.

[1933 c. 101 s. 2] (7658-2)

**47.20 FINANCIAL INSTITUTIONS MAY AVAIL THEMSELVES OF PROVISIONS OF FEDERAL HOUSING ACT.** Pursuant to such regulations as the commissioner of banks finds to be necessary and proper, banks, savings banks, mutual savings banks, building and loan associations, and savings and loan associations, trust companies, trust companies acting as fiduciaries, and other banking institutions subject to the supervision of the commissioner of banks, are authorized:

(1) To make such loans and advances of credit and purchases of obligations representing loans and advances of credit as are insured by the federal housing administrator, and to obtain such insurance;

(2) To make such loans secured by mortgages on real property which the federal housing administrator has insured or made a commitment to insure, and to obtain such insurance.

[1935 c. 49 s. 1; 1937 c. 88 s. 1] (7658-3)

**47.21 LAWS PRESCRIBING TYPE OF SECURITY NOT TO APPLY.** No law in this state prescribing the nature, amount or form of security or requiring security upon which loans or advances of credit may be made, or prescribing or limiting interest rates upon loans or advances of credit, or prescribing or limiting the period for which loans or advances of credit may be made, shall be deemed to apply to loans, advances of credit or purchases made pursuant to section 47.20, paragraphs (1) and (2).

(1) Such institutions may invest in notes or bonds secured by mortgage or trust deed insured pursuant to section 47.20, paragraph (2), and in securities issued by national mortgage associations;

(2) The notes, bonds and other securities herein made eligible for investment may be used wherever, by statute, collateral is required as security for the deposit of public or other funds; or deposits are required to be made with any public official or department; or an investment of capital or surplus, or a reserve or other fund, is required to be maintained consisting of designated securities.

[1935 c. 49 s. 2; 1937 c. 88 s. 2] (7658-4)

**47.23 SAVINGS DEPARTMENTS.** Subdivision 1. Except as specifically authorized by other laws of this state, no individual, partnership, unincorporated association, or corporation, other than a savings bank, safe deposit company, or trust company, holding an effective certificate of authority or license issued by the commissioner of banks and subject to and complying with all of the provisions of law relating to such savings banks, safe deposit companies, and trust companies, respectively, shall in any manner display or make use of any sign, symbol, token, letterhead, card, circular, or advertisement stating, representing, or indicating that he, it, or they, are authorized to transact the business which a savings bank, safe deposit company, or trust company usually does, or under these provisions is authorized to do; nor shall any such individual, partnership, unincorporated association, or corporation use the words "savings" or "trust" or "safe deposit" alone or in combination in title or name or otherwise, or in any manner solicit business or make loans or solicit or receive deposits or transact business as a savings bank, safe deposit company, or trust company; except that a state bank, or trust company, regularly incorporated and authorized to do business under the laws of this state, may establish and maintain a savings department under the supervision of the commissioner of banks, and may solicit and receive deposits in this savings department and advertise the same as such, and every such trust company having a savings department may use in its name or title, in addition to the word "trust," the words "savings" or "savings bank." Savings deposits received by any trust company using the word "savings" or "savings bank" in its name or title shall be invested only in authorized securities, as defined by law, and the trust company shall keep on hand, at all times, such securities as deposits in savings bank may be invested in to an amount at least equal to the amount of the deposits, and these securities shall be the representative of, and the fund for, applicable first and exclusively to the payments of, the savings deposits. Deposits received by the trust company subject to its right to require notice of withdrawal evidenced by pass-books shall be deemed savings deposits.

Subd. 2. Any old line life insurance company which does not in any manner display or make use of any sign, symbol, token, letterhead, card, circular, or advertisement representing or indicating that it is authorized to transact any business which a savings bank, safe deposit company, or trust company usually does and which does not attempt to do any such business; and which uses the word "trust" in its name in combination with other words in such a manner that it is apparent that the company is not either a savings bank, safe deposit company, or trust company, and does not attempt to do any of the business which a savings bank, safe deposit company, or trust company usually does, shall not be prohibited from so using such word "trust" in its name.

Subd. 3. Every individual, partnership, unincorporated association, or corporation which shall violate any of the provisions of this section shall forfeit to the state the sum of not to exceed \$100 for each day the violation shall continue, to be recovered in a civil action to be brought by the attorney general in the name of the state at the request of the commissioner of banks, and may be enjoined from any further violation in an action brought in the name of the state for that purpose.

[R. L. s. 2978; 1909 c. 178 s. 1; 1915 c. 236 s. 1; 1929 c. 77 s. 1; 1945 c. 133 s. 2] (7651)

**47.24 FAILURE TO REPORT; FORFEITURES.** Every corporation which shall fail to make and transmit to the commissioner of banks, within ten days after the time prescribed by law therefor, any report required by the provisions of this chapter, or by other lawful authority, or shall fail to include therein any matter

# MINNESOTA STATUTES 1945

377

## FINANCIAL CORPORATIONS 47.26

required by the commissioner of banks, shall forfeit to the state the sum of \$100 for every day that the report is withheld or delayed or that it shall fail to report any such omitted matter.

[R. L. s. 2979] (7652)

**47.25 NOTICE OF MEETINGS.** At least 30 days prior to any annual, and at least ten days prior to any special, meeting of its stockholders, mailed notice shall be given to each stockholder, specifying the time, place, and purpose thereof; also a notice of any resolution or proposition on which action is proposed to be taken.

[R. L. s. 2980] (7653)

**47.26 VIOLATIONS.** Every officer, agent, or employee of any corporation or copartnership, and every other individual, who shall knowingly and wilfully do or omit anything, the doing or omission of which on the part of any corporation, copartnership, or individual is in violation of any of the provisions of this chapter and who continues or repeats such act or omission for or during more than ten successive days, shall be guilty of a felony.

[R. L. s. 2981] (7654)